



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

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Contact Person:

Identification Number:

Telephone Number:

Employer Identification Number: *****

Dear Sir or Madam:

This is in response to your letters of August ** and October *****. You asked whether you could campaign in favor of a ballot measure to tax property in the fire protection district to pass a bond measure for a new fire station without jeopardizing your tax exempt status. You have also asked whether newspaper ads with volunteers' names supporting the ballot measure would be permitted and whether your organization would be permitted to pay for the advertisement.

Section 501(c)(4) of the Internal Revenue Code grants exemption to organizations not organized for profit but operated exclusively for the promotion of social welfare. The regulations describe the promotion of social welfare as promoting in some way the common good and general welfare of the people of the community, such as bringing about civic betterment and social improvements. An organization is considered to be operated for the promotion of social welfare if it primarily engages in social welfare activities. Social welfare activities do not include participating in political campaigns on behalf of or in opposition to any candidate for public office; the operation of a social club for the benefit of its members; or carrying on business with the general public in a manner similar to organizations operated for profit. In considering whether an organization is primarily engaged in social welfare activities, it is important to consider the extent to which it participates in political campaign activities, social club activities and business activities.

Legislative activities, such as ballot measures, are not considered political intervention. An organization exempt under section 501(c)(4) may engage in legislative activities, without limit, so long as the legislation it attempts to influence is germane to its social welfare purposes. The ballot measure you describe appears to be germane to a volunteer firefighters' association and would probably not affect its exempt status under section 501(c)(4).

Section 501(c)(3) of the Code grants exemption to organizations organized and operated exclusively for charitable purposes, no part of the net earnings of which inures to the benefit of

any private individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.

Section 501(c)(3) limits exemption to organizations that do not engage in substantial legislative activities. Both direct and indirect lobbying are strictly limited. Attempts to influence legislation that are less than a substantial part of the organization's activities will not ordinarily jeopardize exemption. Whether a specific activity constitutes a "substantial" portion of the total activities of an organization is a factual one, and there is no simple rule as to what amount of activities is substantial. All the facts and circumstances must be considered. To establish more precise standards for determining whether a section 501(c)(3) organization's legislative activities are substantial, Congress enacted section 501(h). Eligible public charities may elect to adopt the substantiality test set forth in that section.

Your participation in campaigning for the ballot measure would be considered an attempt to influence legislation. Whether it would affect exemption under section 501(c)(3) could only be determined after considering all the facts and circumstances. Funding a newspaper ad, standing alone, is unlikely to be considered "substantial" in this regard.

Our records indicate that you have never applied for tax exemption and are not currently recognized as tax exempt. Although we do not have sufficient information to rule definitively, you appear to be the type of organization that might qualify under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code. We are enclosing Publication 557, Tax Exempt Status for Your Organization, to assist you in completing the proper application. Once you decide which section of the Code you are described in, you may obtain the appropriate application (Form 1023 or Form 1024) on line at the Exempt Organizations web site, www.irs.gov/bus_info/eo.

Please be advised that this letter is advisory only and has no binding effect on the Service. The information provided here cannot be relied upon as a ruling on the matters discussed. If you have any further questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,

Gerald V. Sack
Manager, Exempt Organizations
Technical Group 4

Enclosure:
Pub. 557